



Crescita Therapeutics Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2025 and 2024
(unaudited)

NOTICE TO READER

The accompanying condensed consolidated interim financial statements of Crescita Therapeutics Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent external auditors, Ernst & Young LLP, have not performed a review or an audit of these condensed consolidated interim financial statements in accordance with Canadian generally accepted standards for such engagements by an entity’s auditor.

These condensed consolidated interim financial statements reflect management’s selection of appropriate accounting policies, judgments, and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards. Management has made these determinations on a reasonable basis to ensure that the condensed consolidated interim financial statements are presented fairly in all material respects.

Crescita Therapeutics Inc.
Consolidated Interim Statements of Financial Position
(Unaudited)

<i>(In thousands of Canadian dollars)</i>	<i>Notes</i>	As at September 30, 2025	As at December 31, 2024
		\$	\$
Assets			
Current			
Cash and cash equivalents		8,308	9,273
Accounts receivable	4, 15	1,727	1,357
Inventories	4, 6	5,363	4,051
Other current assets	15	403	397
Current portion of contract assets	7, 15	184	226
Total current assets		15,985	15,304
Non-current			
Contract assets	7, 15	1,418	1,388
Property, plant and equipment	4	1,690	1,667
Right-of-use asset		432	756
Intangible assets	4	1,631	1,736
Investment in an associate	8	-	311
Convertible note	8, 15	300	614
Total assets		21,456	21,776
Liabilities			
Current			
Accounts payable and accrued liabilities	15	4,587	4,996
Current portion of lease obligation		484	469
Current portion of other obligations		50	50
Total current liabilities		5,121	5,515
Non-current			
Lease obligation		-	365
Other obligations		79	67
Total liabilities		5,200	5,947
Equity			
Capital Stock	10	51,489	52,696
Contributed surplus		8,401	7,373
Accumulated other comprehensive income (AOCI)		1,096	1,109
Deficit		(44,730)	(45,349)
Total equity		16,256	15,829
Total liabilities and equity		21,456	21,776

See accompanying Notes.

Crescita Therapeutics Inc.
Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
(In thousands of Canadian dollars, except per share data and number of shares)		\$	\$	\$	\$
Revenues	11	5,393	3,594	15,163	12,678
Cost of goods sold	6, 13	2,538	1,627	6,736	6,065
Gross profit		2,855	1,967	8,427	6,613
Operating expenses					
Research and development	13	138	157	410	490
Selling, general and administrative	12, 13	2,495	2,670	7,568	8,069
Depreciation and amortization	13	384	312	1,090	1,001
Operating loss		(162)	(1,172)	(641)	(2,947)
Interest expense		10	15	34	50
Interest income		(38)	(111)	(269)	(362)
Foreign exchange gain		(60)	(36)	(233)	(50)
Share of (profit) loss of an associate	8	12	(4)	30	3
Impairment of investment in an associate	8	281	-	281	-
Net loss on convertible note measured at fair value through profit or loss	8	349	-	366	-
Release of accrued liabilities		(1,469)	-	(1,469)	-
Net income (loss)		753	(1,036)	619	(2,588)
Other comprehensive income (loss) to be reclassified to net income (loss) in subsequent periods					
Unrealized loss on translation of foreign operations (net of income taxes)		(2)	(2)	(13)	(4)
Total comprehensive income (loss)		751	(1,038)	606	(2,592)
Earnings (loss) per share					
- Basic		\$ 0.04	\$ (0.05)	\$ 0.03	\$ (0.13)
- Diluted		\$ 0.04	\$ (0.05)	\$ 0.03	\$ (0.13)
Weighted average number of common shares outstanding					
- Basic		18,836,693	19,272,495	18,932,204	19,435,144
- Diluted		18,848,861	19,272,495	19,018,896	19,435,144

See accompanying Notes.

Crescita Therapeutics Inc.
Consolidated Interim Statements of Changes in Equity
(Unaudited)

	Common Shares	Contributed Surplus		Deficit	AOCI	Total	
<i>(In thousands of Canadian dollars, except for number of shares)</i>		\$	\$	\$	\$	\$	
	Notes	10, 12	10, 12	10, 12			
Balance, December 31, 2023		19,955,416	54,341	5,956	(42,599)	1,124	18,822
Net loss		-	-	-	(2,588)	-	(2,588)
Shares cancelled		(300,466)	-	-	-	-	-
Shares repurchased and cancelled		(468,814)	(1,277)	1,037	-	-	(240)
Shares repurchased but not cancelled		-	(19)	16	-	-	(3)
Share-based compensation expense		-	-	74	-	-	74
Unrealized loss on translation of foreign operations (tax effect of \$nil)		-	-	-	-	(4)	(4)
Balance, September 30, 2024		19,186,136	53,045	7,083	(45,187)	1,120	16,061
Net loss		-	-	-	(162)	-	(162)
Share repurchased and cancelled		(110,596)	(282)	219	-	-	(63)
Shares repurchased but not cancelled		-	(67)	53	-	-	(14)
Share-based compensation expense		-	-	18	-	-	18
Unrealized loss on translation of foreign operations (net of income tax expense of \$14)		-	-	-	-	(11)	(11)
Balance, December 31, 2024		19,075,540	52,696	7,373	(45,349)	1,109	15,829
Net income		-	-	-	619	-	619
Shares cancelled		(24,910)	-	-	-	-	-
Shares repurchased and cancelled		(436,692)	(1,207)	984	-	-	(223)
Share-based compensation expense		-	-	44	-	-	44
Unrealized loss on translation of foreign operations (tax effect of \$nil)		-	-	-	-	(13)	(13)
Balance, September 30, 2025		18,613,938	51,489	8,401	(44,730)	1,096	16,256

See accompanying Notes.

Crescita Therapeutics Inc.
Consolidated Interim Statements of Cash Flows
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
<i>(In thousands of Canadian dollars)</i>	<i>Notes</i>	\$	\$	\$	\$
Operating Activities					
Net income (loss)		753	(1,036)	619	(2,588)
Adjustments for:					
Depreciation and amortization	13	384	312	1,090	1,001
Share-based compensation	12	7	89	65	164
Inventory write-down	6	72	51	208	202
Net interest		90	24	(134)	(144)
Share of (profit) loss of an associate	8	12	(4)	30	3
Impairment of investment in an associate	8	281		281	
Net loss on convertible note measured at fair value through profit or loss	8	349	-	366	-
Gain on disposal of property, plant and equipment		-	(20)	-	(20)
Release of accrued liabilities		(1,469)	-	(1,469)	-
Other		(12)	(12)	(199)	(69)
		467	(596)	857	(1,451)
Net change in non-cash working capital	14	706	1,020	(200)	2,800
Cash provided by operating activities		1,173	424	657	1,349
Investing Activities					
Acquisition of a group of assets	4	(775)	-	(775)	(912)
Acquisition of property, plant and equipment		(46)	(832)	(282)	(832)
Proceeds from disposal of property, plant and equipment		-	78	-	78
Cash used in investing activities		(821)	(754)	(1,057)	(1,666)
Financing Activities					
Payment of principal portion of lease obligation		(118)	(110)	(350)	(328)
Repurchase of shares	10	(121)	(117)	(223)	(243)
Payment of other obligations		-	-	-	(50)
Cash used in financing activities		(239)	(227)	(573)	(621)
Effect of exchange rate changes on cash		11	(17)	8	(9)
Net change in cash and cash equivalents during the period		124	(574)	(965)	(947)
Cash and cash equivalents, beginning of period		8,184	9,012	9,273	9,385
Cash and cash equivalents, end of period		8,308	8,438	8,308	8,438
Supplemental Cash Flow Information					
Interest paid ⁽ⁱ⁾		6	11	22	35
Interest received ⁽ⁱ⁾		126	130	161	287

⁽ⁱ⁾ Amounts paid and received were reflected as operating cash flows in the Consolidated Interim Statements of Cash Flows.

See accompanying Notes.

Crescita Therapeutics Inc.
Notes to the Condensed Consolidated Interim Financial Statements

All amounts presented are in thousands of Canadian dollars, unless noted otherwise.

1. Corporate Information

Crescita Therapeutics Inc. (“Crescita” or the “Company”) is a publicly traded Canadian commercial dermatology company, listed on the Toronto Stock Exchange (the “TSX”), with in-house research & development (“R&D”) and manufacturing capabilities. The Company offers a portfolio of high-quality, science-based non-prescription skincare products and a commercial stage prescription product, Pliaglis®. Crescita also owns multiple proprietary transdermal delivery platforms that support the development of patented formulations to facilitate the delivery of active ingredients into or through the skin. The Company’s operations and corporate functions are carried out from its headquarters located at 2805, Place Louis-R-Renaud, Laval, Québec, H7V 0A3. Crescita maintains its registered office at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements for the three and nine months ended September 30, 2025 and 2024 (the “Interim Financial Statements”) have been prepared by management in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”), and accordingly, do not include all disclosures required for annual financial statements. These Interim Financial Statements should be read in conjunction with the Company’s most recent annual consolidated audited financial statements for the years ended December 31, 2024 and 2023 (“2024 Annual Financial Statements”), which are available on the Company’s profile on the System for Electronic Document Analysis and Retrieval+ (“SEDAR+”) at www.sedarplus.ca.

The Company’s Interim Financial Statements were authorized for issue by the Board of Directors on November 4, 2025.

Basis of Measurement

These Interim Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value. Refer to Note 15 – *Financial Instruments and Risk Management*. Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These Interim Financial Statements are presented in Canadian dollars, the Company’s functional currency.

3. Summary of Material Accounting Policies

The policies applied in these Interim Financial Statements are based on International Financial Reporting Standards (“IFRS”). All material accounting policies have been applied on a basis consistent with those followed in the Company’s 2024 Annual Financial Statements.

Use of Estimates and Judgments

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the accompanying disclosure of contingent assets and liabilities at the date of these Interim Financial Statements, as well as the reported amounts of revenue and expenses during the reporting periods. Management has identified key areas of judgments, estimates or use of managerial assumptions that it believes are most critical to understanding these Interim Financial Statements. These accounting estimates are considered critical because they require management to make subjective and/or complex judgments that are inherently uncertain and could have a material impact on the presentation of the Company’s consolidated financial condition and/or results of operations. The Company’s actual results could differ from these estimates and such differences could also be material. These key areas are disclosed in Note 4 – *Use of Estimates and Judgments* to the Company’s 2024 Annual Financial Statements.

4. Asset Purchases

Laboratoire Provence-Canada Inc.

Effective August 28, 2025, Crescita acquired select assets of Laboratoire Provence-Canada Inc. (“LPC”), a Quebec-based company specialized in the development and manufacturing of cosmetics and natural health products. Crescita exercised its first-ranking secured creditor rights, obtained through a series of precursor steps under applicable bankruptcy and insolvency legislation, to acquire ownership of LPC’s assets, including accounts receivable, inventories, manufacturing equipment, customer network and the intellectual property related to the Bacti Control® brand. This transaction allows for the integration of revenue-producing assets into our manufacturing business, which will enable Crescita to increase its manufacturing volumes and improve plant utilization. The Company purchased the assets for total cash consideration of \$775 including transaction costs of \$59.

The Company concluded that the transaction reflects the acquisition of a group of assets that does not constitute a business under IFRS 3 – *Business Combinations*. The purchase price of \$775 was allocated to the identifiable assets acquired on the basis of their relative fair values at the acquisition date as follows:

	Estimated Fair Value	Relative Fair Value	Amount Recognized on Acquisition
	\$	%	\$
Accounts receivable	78	5.65	44
Inventories	632	45.71	354
Property, plant and equipment	63	4.52	35
Intangible assets	610	44.12	342
	1,383	100.00	775

Ocgy Laboratoire Inc.

Effective June 20, 2024, the Company acquired all non-real estate business assets of Ocgy Laboratoire Inc. (“Ocgy”), a Quebec-based manufacturer and distributor of high-quality dermocosmetic products. The transaction, conducted pursuant to voluntary proceedings undertaken by Ocgy under the *Bankruptcy and Insolvency Act*, enhances Crescita’s product offering and client base. The acquired assets include Ocgy’s accounts receivable, inventories, manufacturing equipment, customer network and the intellectual property related to the Aquafolia® brand. The Company purchased the assets for total cash consideration of \$912 including transaction costs of \$56.

The Company concluded that the transaction reflects the acquisition of a group of assets that does not constitute a business under IFRS 3 – *Business Combinations*. The purchase price of \$912 was allocated to the identifiable assets acquired on the basis of their relative fair values at the acquisition date as follows:

	Estimated Fair Value	Relative Fair Value	Amount Recognized on Acquisition
	\$	%	\$
Accounts receivable	32	1.88	17
Inventories	676	39.13	357
Property, plant and equipment	270	15.64	143
Intangible assets	749	43.35	395
	1,727	100.00	912

5. Segmented Information

The Company has three reportable segments based on its current management structure: (i) Commercial Skincare; (ii) Licensing and Royalties; and (iii) Manufacturing and Services. This reflects how the chief operating decision maker evaluates the performance of the business in accordance with IFRS 8 – *Operating Segments* (“IFRS 8”).

Commercial Skincare

The Commercial Skincare reportable segment generates revenue from the commercialization of our branded non-prescription skincare products in Canada and in certain international markets. Non-prescription products manufactured and sold by the Company include the following brands: Laboratoire Dr Renaud[®], Pro-Derm[®], Alyria[®] and Aquafolia[®]. These premium skincare lines provide solutions for a range of common skin concerns such as aging, acne, hydration, pigmentation, and rosacea. We also sell Pliaglis[®], MicronJet[™], NCTF[®] Boost 135 HA, ART FILLER[®] and Obagi[®] Medical in Canada.

The Company’s sales force calls on aesthetic spas, medispas and medical aesthetic clinics in Canada under a business-to-business (“B2B”) model. In addition, our skincare brands are sold in the U.S., and in Hong Kong, South Korea and Malaysia, through distributors, as well as through various online platforms. Alyria, our direct-to-consumer (“DTC”) brands, is also available in select retail outlets.

Licensing and Royalties

The Licensing and Royalties (“Licensing”) reportable segment derives revenue from licensing the intellectual property (“IP”) related to Pliaglis and would include any revenue from licensing the IP for the use of our transdermal delivery technologies, Multiplexed Molecular Penetration Enhancers[™] (“MMPE”) and DuraPeel[™] (the “Technologies”), in the development of topical formulations. While we may still do so from time to time, leveraging our Technologies to fuel our licensing pipeline is not a strategic focus for the Company. The key revenue streams in the Licensing segment include upfront and pre- and post-commercialization milestone payments, royalties determined using the agreed-upon formulas as described in each respective licensing agreement, and product sales under supply agreements with the Company’s licensing partners.

Manufacturing and Services

The Manufacturing and Services (“Manufacturing”) reportable segment includes two main revenue streams: 1) revenue from the sale of topical products manufactured to client specifications under the Company’s contract development and manufacturing organization (“CDMO”) infrastructure; and 2) revenue from product development services. Clients in the Manufacturing segment use Crescita’s services to manufacture topicals either under a private label or a brand name and may use a combination of Crescita’s existing formulations, their own formulations or novel formulations.

Corporate and Other

Corporate and Other includes all the operating expenses to support Crescita’s public company infrastructure and its three reportable segments, as well as other expenses and income including interest expense, interest income, foreign exchange gain or loss, and the Company’s share of profit or loss of its associate and net gain or loss on its convertible note.

	Commercial Skincare	Licensing and Royalties	Manufacturing and Services	Corporate and Other	Total
Three months ended September 30, 2025	\$	\$	\$	\$	\$
Revenue	2,589	104	2,700	-	5,393
Cost of goods sold	893	-	1,645	-	2,538
Gross profit	1,696	104	1,055	-	2,855
Research and development	-	-	-	138	138
Selling, general and administrative	-	-	-	2,495	2,495
Depreciation and amortization	-	-	-	384	384
Other income, net	-	-	-	(915)	(915)
Total expenses	-	-	-	2,102	2,102
Net income	1,696	104	1,055	(2,102)	753

	Commercial Skincare	Licensing and Royalties	Manufacturing and Services	Corporate and Other	Total
Nine months ended September 30, 2025	\$	\$	\$	\$	\$
Revenue	8,199	1,631	5,333	-	15,163
Cost of goods sold	3,097	224	3,415	-	6,736
Gross profit	5,102	1,407	1,918	-	8,427
Research and development	-	-	-	410	410
Selling, general and administrative	-	-	-	7,568	7,568
Depreciation and amortization	-	-	-	1,090	1,090
Other income, net	-	-	-	(1,260)	(1,260)
Total expenses	-	-	-	7,808	7,808
Net income	5,102	1,407	1,918	(7,808)	619

	Commercial Skincare	Licensing and Royalties	Manufacturing and Services	Corporate and Other	Total
Three months ended September 30, 2024	\$	\$	\$	\$	\$
Revenue	2,703	457	434	-	3,594
Cost of goods sold	1,087	204	336	-	1,627
Gross profit	1,616	253	98	-	1,967

Research and development	-	-	-	157	157
Selling, general and administrative	-	-	-	2,670	2,670
Depreciation and amortization	-	-	-	312	312
Other income, net	-	-	-	(136)	(136)
Total expenses	-	-	-	3,003	3,003
Net loss	1,616	253	98	(3,003)	(1,036)

	Commercial Skincare	Licensing and Royalties	Manufacturing and Services	Corporate and Other	Total
Nine months ended September 30, 2024	\$	\$	\$	\$	\$
Revenue	8,210	948	3,520	-	12,678
Cost of goods sold	3,338	315	2,412	-	6,065
Gross profit	4,872	633	1,108	-	6,613

Research and development	-	-	-	490	490
Selling, general and administrative	-	-	-	8,069	8,069
Depreciation and amortization	-	-	-	1,001	1,001
Other income, net	-	-	-	(359)	(359)
Total expenses	-	-	-	9,201	9,201
Net loss	4,872	633	1,108	(9,210)	(2,588)

6. Inventories

Inventories consisted of the following as at:

	September 30, 2025	December 31, 2024
	\$	\$
Raw materials	1,456	984
Work-in-process	687	564
Finished goods	3,220	2,503
	5,363	4,051

During the three and nine months ended September 30, 2025, inventories in the amount of \$2,466 and \$6,528, respectively, were recognized in the cost of goods sold (\$1,576 and \$5,863, respectively, for the three and nine months ended September 30, 2024).

During the three and nine months ended September 30, 2025, \$72 and \$208 of finished goods, respectively, were written down, (\$51 and \$202, respectively, for the three and nine months ended September 30, 2024).

There were no reversals of prior write-downs during the three and nine months ended September 30, 2025 (\$nil for the three and nine months ended September 30, 2024).

7. Contract Assets

Under IFRS 15 – *Revenue from Contracts with Customers*, contract assets represent the present value of the future guaranteed minimum royalties that are expected to be received over the term of the licensing agreements. Contract asset balances are reduced as the contractual minimums are realized over the term of an agreement.

The timing of revenue recognition, billings and cash collections result in accounts receivables and unbilled receivables, representing the contract assets. Generally, billings occur subsequent to revenue recognition resulting in the recognition of accounts receivables. The Company’s contract assets relate to licensing revenue attributable to future guaranteed minimum royalties which have not been billed at the reporting date. Unbilled receivables will be billed, and transferred to accounts receivable, in accordance with the agreed-upon contractual terms.

The following table presents the movements in the current and long-term portions of the contract assets:

	\$
Balance, December 31, 2024	1,614
Amounts billed to customers and transferred to accounts receivable	(227)
Interest accretion	78
Foreign exchange movement	137
Balance, September 30, 2025	1,602
Less: current portion	184
Long-term balance	1,418

8. Investment in an Associate and Convertible Note

On September 7, 2021, the Company announced the acquisition of a minority interest in The Best You (“TBY”), a privately-held network of six medical aesthetic clinics in the province of Ontario. In consideration for the minority interest, Crescita issued 470,128 common shares (the “Common Shares”) at a price of \$0.70 per Common Share for total consideration of \$330 (the “Initial Investment”). The Company determined that it has significant influence over TBY from its representation on the board of directors and participation in significant business decisions. The investment is accounted for using the equity method. In October 2022, the Company acquired an additional interest in TBY for cash consideration of \$61.

In connection with the Initial Investment, TBY issued a secured convertible promissory note (the “Convertible Note” or the “Note”) in favour of the Company, with an initial principal amount of \$500. The Company may be required to invest an additional \$750, contingent on certain events and/or financial indicators being met. The Convertible Note bears interest at variable rates up to 12% based on Crescita’s annual volume of product sales to TBY. The Note is convertible into an additional equity interest in TBY at Crescita’s option at any time following July 31, 2023, or upon the occurrence of certain events, and is mandatorily convertible should TBY achieve a specified level of financial performance. The Convertible Note matures on September 2, 2026 and qualifies as a financial asset to be measured at fair value through profit or loss (“FVTPL”).

At September 30, 2025, following a period of ongoing financial difficulties and increasing liquidity risks that culminated in the third quarter, the Company recorded an impairment charge of \$281 on its investment in TBY, reducing its carrying amount to \$nil. In addition, TBY’s deteriorating financial outlook impacted the valuation of the Convertible Note, which was remeasured to a fair value of \$300, resulting in the recognition of a fair value loss of \$349 for the quarter.

9. Credit Facility

The Company has a revolving demand credit facility (the “Facility”) with a Canadian chartered bank (the “Bank”) for an authorized amount, subject to margin requirements, of \$3.5 million. Loans drawn on the Facility are secured by a first-ranking charge in favour of the Bank over the Company’s accounts receivable and inventories. Drawings in excess of the first \$1.0 million are limited to a percentage of the Company’s outstanding accounts receivable and inventory, resulting in a total amount available under the Facility of \$2,417 at September 30, 2025 (\$2,352 at December 31, 2024). The Facility bears interest at the Bank’s prime rate (4.70% as at September 30, 2025) plus 0.25% and does not have any financial covenants. No amounts had been drawn from the Facility as at September 30, 2025 (\$nil at December 31, 2024).

10. Capital Stock

Authorized

- Unlimited common shares, voting, without par value.
- Unlimited first and second preferred shares, non-voting, non-participating, issuable in series, number, designation, rights, privileges, restrictions, and conditions are determinable by the Company’s board of directors.

Issued and Outstanding

The following table summarizes Crescita’s outstanding common shares:

	Number of Shares	\$
Balance, December 31, 2023	19,955,416	54,341
Shares cancelled	(300,466)	-
Shares repurchased and cancelled	(579,410)	(1,578)
Shares repurchased but not cancelled	-	(67)
Balance, December 31, 2024	19,075,540	52,696
Shares cancelled	(24,910)	-
Shares repurchased and cancelled	(436,692)	(1,207)
Balance, September 30, 2025	18,613,938	51,489

On September 24, 2024, the Company announced that the TSX had approved its proposed normal course issuer bid (“NCIB”) to purchase up to a maximum of 1,478,854 Common Shares for cancellation, starting September 27, 2024 and ending September 26, 2025, or such earlier date as the Company completed its purchases pursuant to the NCIB or provided notice of termination. In connection with the NCIB, the Company entered into an automatic securities purchase plan (the “ASPP”) containing strict parameters regarding how its Common Shares could be repurchased during times when it would ordinarily not be permitted to purchase Common Shares due to regulatory restrictions or self-imposed blackout periods. Such purchases were executed by the designated broker on parameters established by the Company prior to the pre-established ASPP period. The Company could terminate the ASPP and the NCIB provided that the insiders of the Company were not then in a trading blackout and the Company was not otherwise in possession of any material undisclosed information about its business.

During the nine months ended September 30, 2025, 436,692 Common Shares with a carrying value of \$1,207 were repurchased for cancellation under the Company’s NCIB for cash consideration of \$223. The excess of the carrying value over the purchase price in the amount of \$984 was recorded to Contributed Surplus.

The Company’s NCIB expired on September 26, 2025.

11. Revenues

The following table presents external revenues disaggregated by reportable segment, revenue source and geographic area (based on the customer's billing address) for the three and nine months ended September 30, 2025 and 2024:

	For the three months ended September 30,								
	Canada		U.S.		Rest-of-World		Total		
	2025	2024	2025	2024	2025	2024	2025	2024	
	\$	\$	\$	\$	\$	\$	\$	\$	
Commercial Skincare									
Product Sales	2,456	2,569	8	16	125	118	2,589	2,703	
Licensing and Royalties									
Licensing Revenue	-	83	-	-	104	98	104	181	
Product Sales	-	-	-	-	-	276	-	276	
	-	83	-	-	104	374	104	457	
Manufacturing and Services									
Product Sales	254	74	1,851	171	595	189	2,700	434	
	2,710	2,726	1,859	187	824	681	5,393	3,594	

	For the nine months ended September 30,							
	Canada		U.S.		Rest-of-World		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Commercial Skincare								
Product Sales	7,855	7,926	37	45	307	239	8,199	8,210
Licensing and Royalties								
Licensing Revenue	-	83	-	-	1,264	351	1,264	434
Product Sales	-	-	-	-	367	514	367	514
	-	83	-	-	1,631	865	1,631	948
Manufacturing and Services								
Product Sales	780	603	2,730	2,533	1,823	384	5,333	3,520
	8,635	8,612	2,767	2,578	3,761	1,488	15,163	12,678

Major Customers

Under IFRS 8, major customers are those that account for greater than 10% of the Company's consolidated revenues. For the three months ended September 30, 2025, the Company had one major customer in the Manufacturing segment that accounted for 29% of total revenues. For the three months ended September 30, 2024, the Company had no major customer. For the nine months ended September 30, 2025, the Company had two major customers in the Manufacturing segment that together accounted for 26% of total revenues. For the nine months ended September 30, 2024, the Company had one major customer in the Manufacturing segment representing 20% of total revenues.

12. Share-Based Compensation and Other Share-Based Payments

Share Option Plan

Below is a schedule of issued and outstanding options under the Company's Share Option Plan:

	Number of Options	Range of Exercise Price	Weighted Average Exercise Price
	000's	\$	\$
Balance, December 31, 2024	2,865	0.46 – 1.63	0.73
Forfeited	(1)	0.65 – 0.66	0.66
Balance, September 30, 2025	2,864	0.46 – 1.63	0.73

The following table summarizes the outstanding and exercisable share options held by directors, officers, employees and consultants as at September 30, 2025:

Exercise Price Range	Outstanding			Exercisable	
	Number of Options	Remaining Contractual Life	Weighted Average Exercise Price	Vested Options	Weighted Average Exercise Price
\$	000's	years	\$	000's	\$
0.46 - 0.58	1,017	3.86	0.48	867	0.48
0.60 - 0.81	1,445	4.59	0.65	1,279	0.65
1.63	402	0.62	1.63	402	1.63
	2,864	3.77	0.73	2,548	0.75

Share Appreciation Rights (“SARs”) Plan

Below is a schedule of issued and outstanding SARs under the Company’s SARs Plan, and the related accrual:

	Number of SARs	Range of Grant Price	Weighted Average Grant Price	Range of Fair Value	Accrual
	000's	\$	\$	\$	\$
Balance, December 31, 2024	1,257	0.46 – 0.65	0.54	0.00 – 0.22	32
Expired ⁽ⁱ⁾	(240)	0.65	0.65	0.28	-
Adjustment to market value	-	-	-	-	8
Balance, September 30, 2025	1,017	0.46 – 0.64	0.52	0.06 – 0.12	40

⁽ⁱ⁾ On January 1, 2025, 240,000 SARs granted on January 3, 2022 expired with no payment to participants as the grant price of \$0.65 exceeded the closing price of \$0.58 of the Common Shares on the TSX on December 31, 2024, the last trading day preceding the vesting date of January 1, 2025.

Deferred Share Unit (“DSU”) Plan

Below is a schedule of issued and outstanding DSUs under the Company’s DSU Plan, and the related accrual:

	Number of DSUs	Fair Value	Accrual
	000's	\$	\$
Balance, December 31, 2024	311	0.58	180
Granted	96	0.49	47
Adjustment to market value	-	-	(34)
Balance, September 30, 2025	407	0.48	193

Summary of Share-based Compensation

Share-based compensation expense is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Share Option Plan	14	21	44	74
Share Appreciation Rights Plan	1	4	8	17
Deferred Share Unit Plan	(8)	64	13	73
Share-based compensation expense	7	89	65	164

Recorded in the consolidated interim statements of income (loss) and comprehensive income (loss) as follows:

Selling, general and administrative expenses	7	89	65	164
Share-based compensation expense	7	89	65	164

13. Expenses by Nature

The consolidated interim statements of loss and comprehensive income loss include the following expenses by nature:

(a) Employee costs:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Short-term employee wages, bonuses and benefits	1,992	1,883	6,080	5,986
Share-based payments ⁽ⁱ⁾ (Note 12)	14	24	52	88
Total employee costs	2,006	1,907	6,132	6,074
Included in:				
Cost of goods sold	658	537	1,959	1,644
Research and development expenses (R&D)	123	130	358	418
Selling, general and administrative expenses (SG&A)	1,225	1,240	3,815	4,012
Total employee costs	2,006	1,907	6,132	6,074

(i) Excludes share-based payments to directors.

(b) Depreciation and amortization:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Cost of goods sold	204	141	557	430
Selling, general and administrative expenses ⁽ⁱⁱ⁾	180	171	533	571
Total depreciation and amortization	384	312	1,090	1,001

(ii) Includes \$148 and \$446 of amortization of intangible assets and \$32 and \$87 of depreciation of tangible assets respectively for the three and nine months ended September 30, 2025 (\$149 and \$504 for intangible assets and \$22 and \$67 for tangible assets respectively for the three and nine months ended September 30, 2024).

14. Net Change in Non-Cash Working Capital

The net change in non-cash working capital consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Accounts receivable	383	1,036	(314)	148
Inventories	(149)	(912)	(1,166)	150
Other current assets	(9)	9	(6)	(222)
Contract assets	-	-	227	1,564
Accounts payable and accrued liabilities	481	887	1,059	1,160
Net change in non-cash working capital	706	1,020	(200)	2,800

15. Financial Instruments and Risk Management

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - determined by reference to quoted prices in active markets for identical assets and liabilities.

Level 2 - include those where valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly.

Level 3 - valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following table provides the fair value measurement hierarchy of the financial instruments measured at fair value subsequent to initial recognition in the consolidated interim statements of financial position as at:

	September 30, 2024			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$
Recurring fair value measurements						
Convertible note – The Best You (Note 8)	-	-	300	-	-	614

Valuation Methods and Assumptions

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes to the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company did not have any transfer of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the three and nine months ended September 30, 2025 and 2024.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. However, considerable judgment is required to develop these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

Level 3 assets represent the convertible note receivable from The Best You. The fair value of the convertible note is revalued at each reporting period based on management's best estimate using the discounted cash flow method. Refer to Note 8 – *Investment in an Associate and Convertible Note*.

The fair values of the Company's non-current obligations, which are presented at amortized cost using the effective interest method, have been estimated using rates currently available to the Company for obligations with similar terms and remaining maturities. The fair values of these instruments approximate their carrying values and would be classified as Level 2.

Risk Factors

The following is a discussion of liquidity, credit and market risks and related mitigation strategies that have been identified. This is not an exhaustive list of all risks nor will the mitigation strategies eliminate all risks listed.

Liquidity Risk

The Company anticipates that its current cash, amount available under its revolving credit facility and the revenue it expects to generate from product and contract manufacturing sales, upfront, milestone and royalty payments related to licensing its products, will be sufficient to fund its committed obligations and expected level of expenses. Additional funding may be required for the development of new products and/or for future acquisitions.

The Company's exposure to liquidity risk is dependent on the sales growth and profitability of its operations which may be impacted by the status of competitive products and the success of the Company in developing and maintaining markets for its products. In addition, a number of other factors will have an impact on liquidity risk such as the level of commercial expenses including the costs associated with maintaining regulatory approvals, the acquisition costs of licenses for new products or technologies, and the timing of payments received or made under licensing arrangements.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that may subject the Company to credit risk consist of cash, amounts receivable from customers including contract assets, and its convertible note. The Company manages its exposure to credit risk by holding cash on deposit in major financial institutions. The Company's accounts receivables are subject to normal industry risks in each geographic region in which the Company operates.

In addition, the Company is exposed to credit-related losses on sales to its customers outside North America, including its contract asset related to its licensing agreement with Cantabria Labs Inc. (the "Cantabria Agreement"), due to potentially higher risks of enforceability and collectability.

As at September 30, 2025, 24% of accounts receivable related to customers outside North America and the European Union (December 31, 2024 - 10%).

The contract assets in the amount of \$1,602 and \$1,614 at September 30, 2025 and December 31, 2024, respectively, were related to the Cantabria Agreement and were denominated in euros. These balances represent future guaranteed minimum royalties not yet billed. Refer to Note 7 – *Contract Assets*.

As at September 30, 2025, the Company had three customers that accounted for approximately 51% of the total accounts receivable (one customer that accounted for approximately 24% as at December 31, 2024).

Pursuant to their collective terms, accounts receivables were aged as follows as at:

	September 30, 2025	December 31, 2024
	\$	\$
Current	1,580	745
0-30 days past due	72	594
31-60 days past due	127	64
61-90 days past due	12	-
Over 90 days past due	28	46
	1,819	1,449
Allowance for doubtful accounts	(92)	(92)
	1,727	1,357

Interest Rate Risk

The Company's practice is to minimize interest rate cash flow risk exposures on its financing. The Company is currently not exposed to interest rate variability as it had not drawn any amounts on its Facility as at September 30, 2025.

Currency Risk

The Company operates internationally, which gives rise to a risk that earnings and cash flows may be adversely affected by fluctuations in foreign currency exchange rates. The Company is primarily exposed to the U.S. dollar and euro, but also transacts in other foreign currencies. At September 30, 2025, the Company did not have a foreign currency forward contract (US\$nil at December 31, 2024) outstanding to limit its exposure to the U.S. dollar foreign exchange risk.

The significant balances in foreign currencies were as follows as at:

	Euros		U.S. Dollars	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
	€	€	\$	\$
Cash and cash equivalents	252	65	625	440
Accounts receivable	60	88	520	279
Other current assets	4	-	1	1
Contract assets	981	1,082	-	-
Accounts payable and accrued liabilities	(181)	(22)	(513)	(1,375)
	1,116	1,213	633	(655)

Based on the aforementioned net exposure as at September 30, 2025, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would have an effect of \$88 on total comprehensive income (loss) and a 10% appreciation or depreciation of the Canadian dollar against the euro would have an effect of \$182 on total comprehensive income (loss).

In terms of the euro, the Company has four exposures: (i) its euro-denominated cash held in its Canadian operations; (ii) the cost of purchasing raw and packaging materials priced in euros or sourced from European suppliers; (iii) upfronts, royalties and milestones from licensing agreements for Pliaglis; and (iv) its net investment and net cash flows in its European operations.

In terms of the U.S. dollar, the Company has five exposures: (i) its U.S. dollar-denominated cash held in its Canadian operations; (ii) the cost of purchasing raw and packaging materials priced in U.S. dollars or sourced from U.S. suppliers; (iii) upfronts, royalties and milestones from licensing agreements for Pliaglis; (iv) its net investment and net cash flows in its U.S. operations; and (v) revenues generated in U.S. dollars from its product sales to U.S. customers.